RESEARCH HIGHLIGHT

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# Low-Income Urban Households Not in Core Housing Need

## INTRODUCTION

Low-income urban[1] households[2] (see Canadian urban households by income group text box) have difficulties when accessing acceptable housing, that is, affordable, adequate, and suitable (see Acceptable Housing and Core Housing Need on page 2). Not surprisingly, low-income urban households experience the highest incidence of core housing need: more than half (some 55%) of them face this housing condition. Low-income households also account for some 80% of all urban households in core housing need.

**Canadian urban households by income group**

Households are ranked by their before-tax income and divided into five equally sized groups (quintiles). Income groups for 2005 were constructed using urban household data from the Survey of Labour and Income Dynamics (SLID). For descriptive purposes, these groups are referred to as follows: low-income, moderate-income, middle- income, upper-income and high-income (see Table 1).

**Table 1** Urban Household Income* Groups (Quintiles), Canada, 2005

| Income Group | Income range ($) | Median shelter costs ($) | Median income ($) | Median STIR | Households in core housing need (%) | Households not in core housing need (%) | Share of all households in core housing need (%) |
|---|---|---|---|---|---|---|---|
| High | 101,391 and up | 14,537 | 132,276 | 10.3 | 0.0 | 100.0 | 0.0 |
| Upper | 67,545 to 101,390 | 12,339 | 82,622 | 15.2 | 0.0 | 100.0 | 0.0 |
| Middle | 45,519 to 67,544 | 9,790 | 56,035 | 17.7 | 1.3 | 98.7 | 1.9 |
| Moderate | 27,023 to 45,518 | 8,248 | 36,010 | 23.1 | 11.8 | 88.2 | 17.6 |
| Low | up to 27,022 | 6,204 | 17,831 | 36.7 | 54.5 | 45.5 | 80.5 |
| ALL | NA | 9,183 | 56,035 | 18.5 | 13.5 | 86.5 | 100 |

**Source:** CMHC (SLID-based housing indicators and data)
STIR: Shelter-cost-to-income ratio
* Before-tax income

[1] Households living in Canadian Metropolitan Areas (CMAs) and Census Agglomerations (CAs).

[2] The universe of urban households reviewed in this research includes only private non-farm, non-band, non-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100%. Shelter costs for farm households are not separable from costs related to other farm structures. Shelter costs are not collected for households whose housing costs are paid through band housing arrangements (both on—and off—reserve). For the purpose of measuring affordability, CMHC regards STIRs of 100% or more and STIRs for households with incomes of zero or less as uninterpretable.

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### Acceptable Housing and Core Housing Need

The term **acceptable** housing refers to housing that is adequate in condition, suitable in size, and affordable.

- **Adequate housing** does not require any major repairs, according to residents.
- **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e. a unit with no bedroom).
- **Affordable** housing costs less than 30% of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

A household is in **core housing need** if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to pay the median rent of alternative local market housing that meets all three standards.

### The Survey of Labour and Income Dynamics (SLID)

SLID is a survey conducted annually by Statistics Canada to collect information on the labour and income characteristics of Canadians. SLID covers the 10 Canadian provinces but excludes those Canadians living in the territories, in institutions or collective dwellings, in military barracks and on Indian reserves. According to Statistics Canada, these exclusions amount to less than three per cent of the Canadian population (see www.statcan.ca). SLID also excludes the homeless.

SLID collects information for two groups or panels of people who are tracked over a period of six consecutive years. Each panel comprises a sample of some 30,000 people or about 15,000 households. A new panel begins every three years and thus the two panels overlap for three years. This research is based on Panels 4 and 5, therefore it is based on a sample of about 30,000 households.

In 2002, a housing cost module was added to SLID as a result of CMHC sponsorship. Until then, SLID had collected only a few housing characteristics. As part of the housing cost module, over 20 housing-related questions were added to SLID. The addition of this module enables the review of most Canadians' housing conditions between Censuses as well as the tracking of their housing conditions over time.

Yet an important proportion (some 45%) of low-income urban households are not in core housing need. This review examines the characteristics of low-income urban households that are not in core housing need using data for 2005 from Statistics Canada's annual *Survey of Labour and Income Dynamics* (see SLID text box).

## Low-income Urban Households

Overall, low-income urban households have very limited incomes. At $17,831, their median income is less than a third of the median income of middle-income households ($56,035). Consequently, they face a relatively larger housing cost burden–their median shelter-cost-to-income ratio of 36.7% is double that of middle income households (17.7%) (see Table 1).

The limited incomes of low-income urban households generally follow from their household type. More than 65% of low-income households are unattached individuals living alone and therefore having only a single income earner (see Table 2). An additional 10% are lone-parents (usually female-led) families. Not surprisingly, low-income urban households often can afford only rented housing. While only a third of all urban Canadian households are renters, almost 7 in 10 low-income urban households rent their premises.

Almost 68% of low-income urban households live in the provinces of Ontario and Quebec (Table 2). The incidence of low-income urban households in Quebec is higher than in Ontario. Some 34% of low-income urban households live in Quebec, while its share in the national

**Table 2** National shares for all urban households, low-income urban households, and low-income households in core housing need, by tenure, household composition, and province of residence, Canada (2005)

| | All urban households* (9,928 K) | Low-income urban households* | | |
|---|---|---|---|---|
| | | Total (1,985 K) | Not in core housing need (904 K) | In core housing need (1,081 K) |
| **Tenure** | | | | |
| Owner | 66.1% | 33.5% | 41.1% | 27.2% |
| Renter | 33.9% | 66.5% | 58.9% | 72.8% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |
| **Household composition** | | | | |
| Unattached individual in one-person household | 26.6% | 65.3% | 71.2% | 60.3% |
| Unattached individual in multi-person household | 4.1% | 2.9% | 2.8% | 3.0% |
| Married or common-law couple/no children | 23.6% | 11.8% | 13.3% | 10.5% |
| Married or common-law couple with children† | 26.2% | 5.7% | 2.5% | 8.4% |
| Female lone parent family† | 5.5% | 9.6% | 6.3% | 12.4% |
| Male lone parent family† | 1.3% | 0.7% | 0.5% | 1.0% |
| Other economic family types | 12.7% | 3.9% | 3.4% | 4.3% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |
| **Province** | | | | |
| Newfoundland and Labrador | 0.9% | 1.2% | 1.0% | 1.4% |
| Prince Edward Island | 0.3% | 0.3% | 0.3% | 0.3% |
| Nova Scotia | 2.2% | 2.4% | 2.9% | 1.9% |
| New Brunswick | 1.6% | 2.0% | 2.2% | 1.8% |
| Quebec | 25.4% | 33.8% | 39.8% | 28.8% |
| Ontario | 40.1% | 34.1% | 26.4% | 40.6% |
| Manitoba | 3.2% | 3.7% | 5.0% | 2.7% |
| Saskatchewan | 2.4% | 2.6% | 3.2% | 2.0% |
| Alberta | 9.6% | 6.4% | 7.2% | 5.8% |
| British Columbia | 14.3% | 13.5% | 12.0% | 14.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

**Source:** CMHC (SLID-based Housing Indicators and Data)

* This table includes only private, non-farm, off-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100% living in Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs). SLID does not cover the territories; therefore, Whitehorse, Yukon and Yellowknife, N.W.T. are not included in the analysis. Low-income households refer to the 20% of all households having the lowest annual incomes (median of $17,831 in 2005)

† All children under age 25

Components may not add to totals due to rounding

number of urban households is about 25%. In contrast, Ontario's share among all low-income urban households (some 34%) is lower than its share for all urban households (about 40%).

**Table 3** Housing conditions of low-income urban households by core housing need status (2005)

| Housing condition | Not in core housing need (%) | In core housing need (%) |
|---|---|---|
| Above all standards | 33.0 | 0.0 |
| Below adequacy alone | 0.7 | 1.1 |
| Below adequacy and suitability | 0.0 | 0.0 |
| Below affordability alone | 10.9 | 46.0 |
| Below affordability and adequacy | 0.9 | 4.3 |
| Below affordability and suitability | 0.1 | 2.2 |
| Below affordability, adequacy and suitability | 0.0 | 0.2 |
| Below suitability alone | 0.0 | 0.7 |
| Total | 45.5 | 54.5 |

**Source:** CMHC (SLID-based housing indicators and data)
Components may not add to totals due to rounding

**Table 4** Median shelter cost, household income and STIR for low-income urban households (2005)

| Tenure | Share of households (%) | Median shelter cost (%) | Median household income ($) | Median STIR* (%) |
|---|---|---|---|---|
| Owner | 33.5 | 5,652 | 19,852 | 32.5 |
| with mortgage | 11.0 | 11,594 | 21,345 | 57.5 |
| no mortgage | 22.5 | 4,526 | 18,899 | 24.6 |
| Renter | 66.5 | 6,381 | 16,615 | 38.6 |
| Total | 100.0 | 6,204 | 17,831 | 36.7 |

**Source:** CMHC (SLID-based housing indicators and data)
STIR: shelter-cost-to-income ratio
* This is the median of the STIRs, and is not the median shelter cost divided by the median household income.

### Most urban low-income households not in core housing need meet all housing standards

Slightly less than half (45.5%) of low-income urban households are not in core housing need. Of these, about 7 in 10 households live in housing above all standards and the other 3 in 10 households are deemed to have been able to access alternative acceptable housing based on their income levels and local median rents (see Table 3).

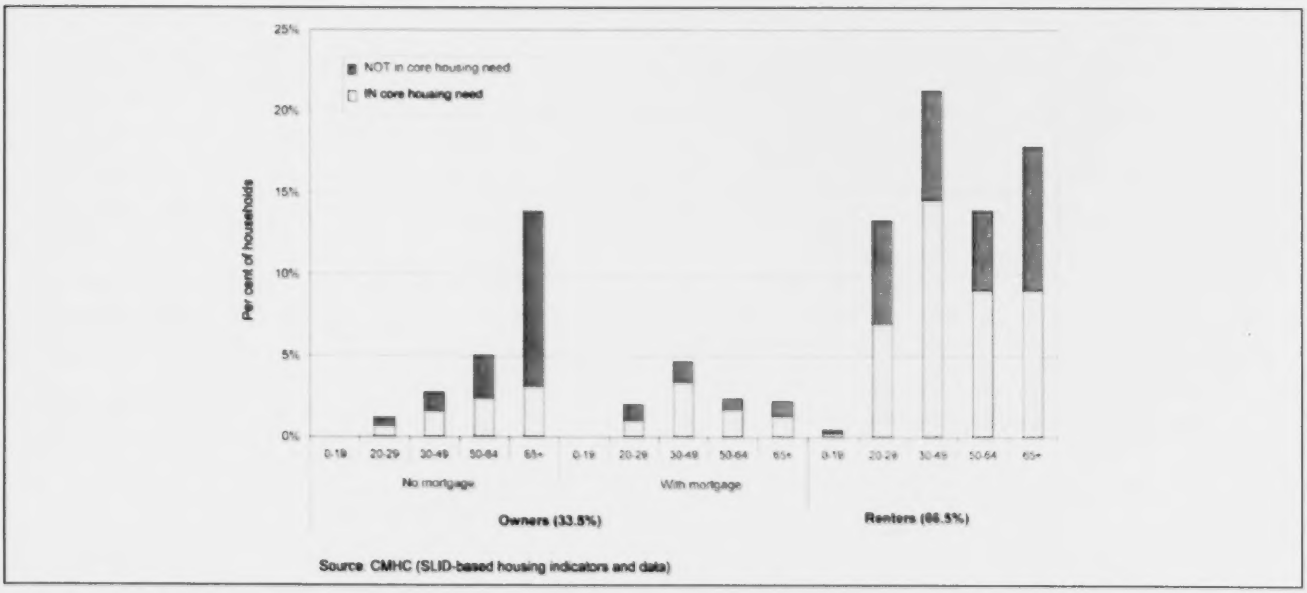


**Figure 1** Distribution of urban low-income households by tenure, age of major earner, and core housing need status (2005)

### Owners without mortgages are an important group in those urban low-income households not in core housing need

In general, low-income owners are more likely not to be in core housing need than are low-income renters. Owners account for about 41% of low-income urban households not in core housing need while representing some 34% of all low-income households (see Table 2).

Low-income urban owners have lower median annual shelter costs ($5,652) and shelter-cost-to-income ratios (32.5%) than low-income urban renters ($6,381 and 38.6%, respectively) (see Table 4). Most low-income owners (some 2 in 3) own their houses outright and have reduced shelter costs. This is particularly the case for senior owners (aged 65 and older) who have already paid out their mortgages and therefore are less likely to be in core housing need (see Figure 1).

**Table 5** Incidence of core housing need, shelter costs, household income and STIRs for low-income renters, selected Census Metropolitan Areas[1] (2005)

| | All low-income renters | | | | Low-income renters not in core housing need | | | | Low-income renters in core housing need | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total households (thousands) | Median shelter cost | Median household income | Median STIR[2] | Percent of households | Median shelter cost | Median household income | Median STIR[2] | Percent of households | Median shelter cost | Median household income | Median STIR[2] |
| Québec city | 59.3 | $6,216 | $19,022 | 33.5% | 62.0% | $5,856 | $22,363 | 27.8% | 38.0% | $6,655 | $13,027 | 48.2% |
| Winnipeg | 43.8 | $5,796 | $17,291 | 33.0% | 56.9% | $5,494 | $19,169 | 26.6% | 43.1% | $6,241 | $12,316 | 41.3% |
| Calgary | 26.6 | $6,427 | $19,539 | 33.9% | 56.3% | $4,188 | $18,695 | 27.6% | 43.7% | $8,756 | $20,345 | 44.1% |
| Regina | 9.8 | $5,847 | $15,321 | 35.4% | 54.5% | $5,692 | $19,381 | 28.6% | 45.5% | $6,065 | $13,344 | 51.7% |
| Gatineau | 12.4 | $5,700 | $15,805 | 35.3% | 50.7% | $3,900 | $21,935 | 26.9% | 49.3% | $6,160 | $14,677 | 43.1% |
| Halifax | 16.5 | $7,286 | $18,624 | 41.6% | 44.7% | $6,900 | $20,170 | 29.8% | 55.3% | $7,654 | $18,229 | 43.5% |
| Edmonton | 38.0 | $6,948 | $17,406 | 39.3% | 43.6% | $5,820 | $20,500 | 28.9% | 56.4% | $7,800 | $16,808 | 46.8% |
| Montréal | 300.4 | $6,263 | $15,579 | 38.5% | 42.1% | $6,067 | $21,806 | 28.7% | 57.9% | $6,342 | $13,351 | 51.3% |
| Other CMAs and CAs | 506.0 | $6,179 | $16,258 | 37.7% | 41.5% | $5,400 | $19,474 | 27.4% | 58.5% | $6,821 | $13,902 | 48.8% |
| Saskatoon | 15.1 | $7,270 | $16,105 | 44.0% | 41.3% | $7,364 | $18,444 | 36.6% | 58.7% | $7,270 | $14,538 | 46.7% |
| Vancouver | 72.2 | $7,344 | $16,552 | 36.3% | 30.3% | $4,599 | $17,114 | 24.6% | 69.7% | $8,319 | $15,905 | 45.8% |
| Toronto | 175.7 | $7,656 | $17,858 | 42.0% | 25.7% | $3,360 | $15,707 | 19.6% | 74.3% | $9,240 | $18,982 | 49.3% |
| Ottawa | 43.3 | $8,653 | $17,612 | 51.2% | 24.8% | $4,028 | $15,625 | 26.8% | 75.2% | $9,900 | $18,270 | 54.3% |
| All CMAs and CAs | 1,319.2 | $6,381 | $16,615 | 38.6% | 40.4% | $5,363 | $19,818 | 27.2% | 59.6% | $7,200 | $14,905 | 48.9% |

**Source:** CMHC (SLID-based housing indicators and data)

STIR: shelter-cost-to-income ratio

[1]Individual estimates are only shown for CMAs with a SLID sample of about 500 or more households. Other CMAs or CAs are grouped in a single category to generate the estimates.

[2]This is the median of the STIRs and is not the median shelter cost divided by the median household income

### Low-income urban renters living in CMAs with lower shelter costs and STIRs are more likely not to be in core housing need than those living in CMAs with higher shelter costs and STIRs

Low-income urban renters are more likely than low-income urban owners to be in core housing need. Renters account for only about 59% of those low-income urban households not in core housing need while representing some 66% of all low-income urban households (see Table 2).

Contrary to the case of low-income owners and aside from low-income renters aged 30-49 who are less likely not to be in core housing need, the age of the household major income earner is not the main factor for those low-income urban renters not in core housing need (see Figure 1). Rather, their propensity to not being in core housing need depends mostly on the urban area of residence. Census Metropolitan Areas (CMAs) with relatively lower shelter costs for renters tend to have higher incidences of renters not being in core housing need. For instance, Québec city ($6,216) and Winnipeg ($5,796) with annual shelter costs for renters below the national median ($6,381) have respectively the highest (at 62%) and second highest incidence (at almost 57%) of low-income renter households not in core housing need (see Table 5). At about 33%, low-income renters living in these two cities also have the lowest overall shelter-cost-to-income ratios among major CMAs.

Low-income urban renters not in core housing need living in "Other CMAs and CAs" account for some 39% of all low-income urban renters (see Figure 2). With median shelter costs lower than the national urban median and median STIRs also below the country's median, renters living in these urban areas are more likely not to be in core housing need than the average Canadian renter. Those low-income urban renters living in Montréal account for almost a quarter of all low-income urban renters not in core housing need.

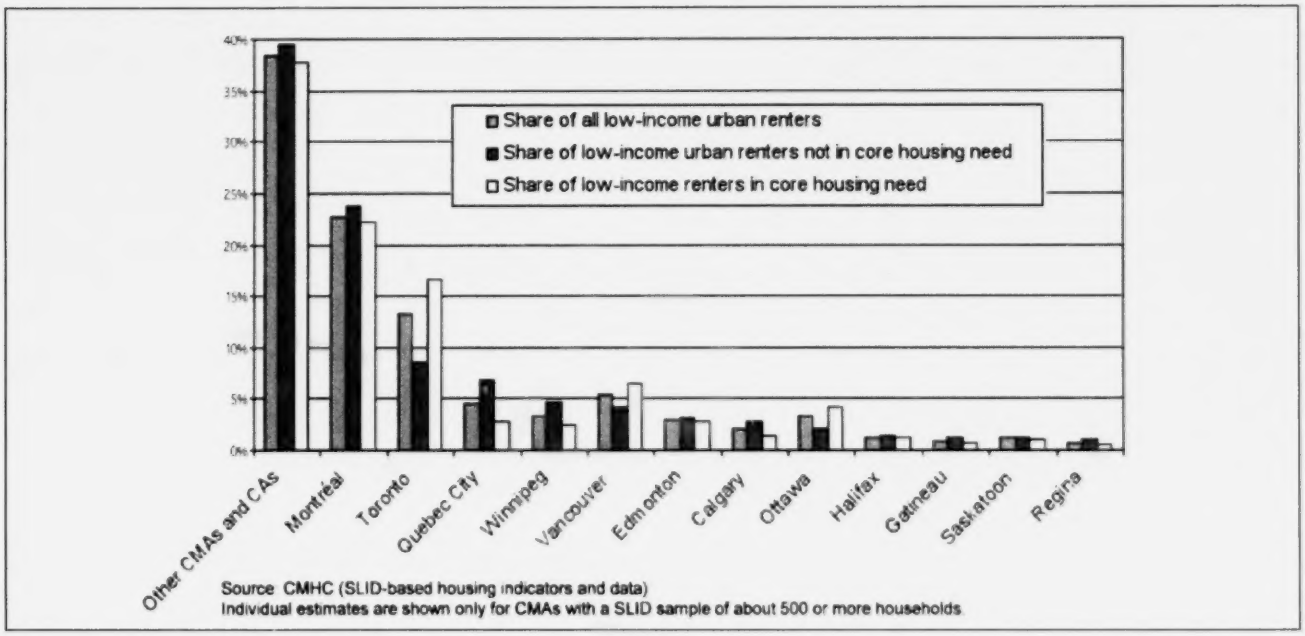


**Figure 2** Urban distribution of all low-income renters compared with distribution of low-income renters by core housing need status (2005)

**Table 6** Incidence of core housing need, shelter costs, household income and STIRs for low-income urban households by tenure and subsidized housing status (2005)

| | All low-income renters | | | | Low-income renters not in core housing need | | | | Low-income renters in core housing need | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tenure** | Total households (thousands) | Median shelter cost ($) | Median household income ($) | Median STIR[2] (%) | Percent of households | Median shelter cost ($) | Median household income ($) | Median STIR[2] (%) | Percent of households | Median shelter cost ($) | Median household income ($) | Median STIR* (%) |
| Owners | 665.6 | 5,652 | 19,852 | 32.5 | 55.8 | 4,508 | 21,760 | 22.3 | 44.2 | 7,929 | 16,203 | 52.5 |
| Renters (100%) | 1,319.2 | 6,381 | 16,615 | 38.6 | 40.4 | 5,363 | 19,818 | 27.2 | 59.6 | 7,200 | 14,905 | 48.9 |
| Not in subsidized housing (68%) | 896.9 | 7,184 | 17,192 | 43.6 | 35.1 | 6,328 | 21,806 | 28.9 | 64.9 | 7,693 | 15,016 | 51.3 |
| In subsidized housing (32%) | 422.3 | 4,572 | 15,692 | 30.0 | 51.6 | 3,870 | 17,145 | 24.9 | 48.4 | 5,655 | 14,293 | 40.2 |
| All low-income households | 1,984.8 | 6,204 | 17,831 | 36.7 | 45.5 | 4,872 | 20,955 | 25.5 | 54.5 | 7,320 | 15,170 | 49.7 |

**Source:** CMHC (SLID-based housing indicators and data)

STIR: shelter-cost-to-income ratio

* This is the median of the STIRs and is not the median shelter cost divided by the median household income

### Subsidized housing makes low-income urban renters less likely to be in core housing need

Almost one-third (32%) of low-income urban renters live in subsidized housing. These renters either have their rents reduced because of living in government subsidized housing or their rents calculated on the basis of household income.[3] The latter is often referred to as "rent-geared-to-income." Subsidized housing makes low-income urban renters less likely to be in core housing need. Among those low-income renters living in subsidized housing, almost 52% are not in core housing need compared to only 35% of those not living in subsidized housing and to 56% of low-income urban owners. Nonetheless, there are still some 48% of subsidized renters that remain in core housing need. Not all housing subsidies bring households out of core housing need. Housing assistance and rental charges vary by province and program. In some cases, only the rent portion of shelter costs is adjusted to be less than 30% of the household income. Adding, for example, utility expenses to the rent might mean that a household still spends 30% or more of its before-tax income on shelter costs, despite receiving some kind of housing assistance. Even though these subsidized renters are in core housing need, the housing assistance is lowering their affordability burden as their median STIR is 11.1 percentage points lower than that of renters in core housing need not living in subsidized housing. Also, the median shelter cost for subsidized renters in core housing need is 26% lower than those that are not subsidized (see Table 6).

### Summary

Based on 2005 data from the *Survey of Labour and Income Dynamics*, over half (55%) of low-income urban households experience core housing need. Nonetheless, the other 45% of such households are able to access acceptable housing and avoid core housing need.

About 41% of households not in core housing need are owners, largely seniors owning their houses outright and thereby having reduced shelter costs.

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[3] SLID asks two questions dealing with subsidized housing:

- Is your household's monthly rental payment reduced for any of the following reasons?
  1. Government subsidized housing? This includes federal, provincial and municipal programs.
  2. Any other reasons, such as services to the landlord or company housing?
  3. No reduced rent
- Is your rent calculated on the basis of your income?
  1. Yes
  2. No

The remainder (59%) of low-income urban households not in core housing need are renters. These are for the most part renters living in the Census Metropolitan areas with relatively lower shelter costs and whose shelter-cost-to-income ratios are lower than the national average for low-income urban households, as well as renters having their rents reduced because of living in government subsidized housing or having their rents calculated on the basis of household income.

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